

Income/Franchise:

New Jersey Division of Taxation Says Some S Corps Must Submit Proof of Federal S Corp Status with CBT Return

Answers to Frequently Asked Questions P.L. 2022, c. 133, New Jersey S Corporation Procedural Changes (A supplemental FAQ to support TB-105 (R)), N.J. Div. of Tax. (rev. 3/7/24). The New Jersey Division of Taxation posted updated guidance on state law that generally eliminates the requirement to affirmatively elect New Jersey S corporation status for privilege periods beginning on or after December 22, 2022 [see A.B. 4295 (2022) and *State Tax Matters*, Issue 2023-1, for more details on this state law]. According to the updated guidance, a corporation that historically filed as a C corporation for New Jersey purposes, and which recently acquired S corporation status for federal tax purposes, must submit its “Shareholder Jurisdictional Consent” (Schedule SJC) and proof of federal S corporation status (*i.e.*, a copy of the federal acceptance letter) as part of its New Jersey CBT-100S, assuming the federal acceptance letter is dated on or after December 22, 2022. If such business wants to submit the information in advance of filing its tax return (*i.e.*, in order to make a pass-through business alternative income tax (PTE/BAIT) election), it may use the New Jersey Division of Revenue and Enterprise Services S Corporation Election website to do so. Please contact us with any questions.

URL: <https://www.nj.gov/treasury/taxation/cbt/scorpfq-proceduralchanges.shtml>

URL: <https://www.njleg.state.nj.us/bill-search/2022/A4295>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230106_12.html

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